

FRANKLIN BANK & *Trust Company*

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May 11, 2006

Federal Housing Finance Board
1625 Eye Street NW
Washington, DC 20006
ATTN: Public Comment

Dear Sir or Madame:

I would like to express Franklin Bank & Trust Company's dissatisfaction with the proposed Capital Rule issued March 15, 2006, by the Federal Housing Finance Board (FHFB). There are several items that will have a negative impact on our bank due the implementation of this ruling. Along with the negative impact to our bank, we are aware of a reduction in programs that assist the general population.

This ruling would substantially lower dividend rates during the transition period. The Federal Home Loan Bank (FHLB) of Cincinnati expects during implementation of the ruling to lower dividends to their shareholders.

The bank foresees a loss of tax deferral of dividend payments that will become effective upon this ruling. This will create a taxable event for our bank which will require additional taxes for our situation. The FHLB's repurchase of excess stock will trigger tax consequences for our bank that we consider to be significant.

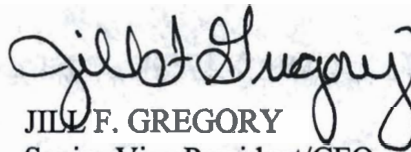
The FHLB will be significantly impacted by this ruling. Our bank, as a customer of the FHLB, foresees additional items "trickle down" to us due to the restrictions placed on FHLB.

The negative impact has already affected the general public. The FHLB of Cincinnati explained that they have already reduced funds available for the affordable housing program and voluntary housing program in an effort to prepare for this ruling. These suspended programs will reduce the assistance for households displaced by Katrina and other hurricanes of 2005 and reduce initiatives to increase minority home ownership in our area. Our bank would like to see the FHLB of Cincinnati re-establish its voluntary housing programs but foresee that they will not if the FHFB Capital Ruling is passed.

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Franklin Bank & Trust Company pleads with you to dismiss this ruling or make adequate changes to reduce the negative impact. If I can provide any further information please feel free to contact me.

Sincerely,


JILL F. GREGORY
Senior Vice President/CFO

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